

**TRUFFLE PROPERTIES LIMITED
ACN 116228114
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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TRUFFLE PROPERTIES LIMITED

DIRECTORS' REPORT

The directors present their report, on the Company and its controlled entity (referred to hereafter as the 'consolidated entity') for the year ended 30 June 2024.

Directors

The names of persons holding the position of Director of the Company, during the financial year and up to the date of this report, unless otherwise stated are:-

Geoffrey Thomas Barrett (Managing Director) LLB (Hons), B.Com (Accounting)

Geoff Barrett is the co-founder of the Oak Valley truffle business and until 1 May 2018 was the Chair of the Company. Geoff has had an extensive background in Agribusiness since he founded the Watershed Premium Wine business in Margaret River in 2001. Until 30 June 2002, he was managing partner of the law firm Garton Smith & Barrett, advising in relation to managed investments in forestry, viticulture, wineries and manufacturing. Prior to practicing law he had over 18 years experience in banking and finance. He managed several major banking projects, including the development and introduction of automated teller machines. Geoff has previously lectured in International Taxation Law, International Business Law and Contract Law and tutored in Corporations Law at Curtin University.

He is also Managing Director of Truffle Projects Pty Ltd and a former Director of Watershed Land Ltd and Watershed Premium Wines Ltd.

Directors' meeting attended 2 of 2

Richard Hill M.B. B.S. F.R.A.C.P. B.Com (Econ) Dip Naut Sc

From 1981 until March 2002, Dick Hill was the Head of Gastroenterology at Princess Margaret Hospital, Perth. Until his retirement in September 2007 he was a consultant gastroenterologist at Princess Margaret Hospital. His qualifications include a Bachelor of Commerce (Econ) and he has successfully built and managed a significant investment portfolio. Dick has been actively involved in the Project since its inception. He is also a Director of Truffle Projects Pty Ltd, and a former Director of Watershed Land Ltd and Watershed Premium Wines Ltd.

Directors' meeting attended 2 of 2.

TRUFFLE PROPERTIES LIMITED
DIRECTORS' REPORT (Continued)

Directors (Cont.)

Greg Martin

Greg has more than thirty four years in the hospitality industry both locally and overseas. He has obtained his qualification as a Chef at Perth's King Arthurs Table at the Red Castle winning several gold plate awards before moving to another of Perth's most awarded restaurants, the Mediterranean in Subiaco. He has also over the years owned and successfully operated a number of local Perth restaurants. Greg is currently the joint owner of an independent supermarket in Capel, Western Australia. He is also a Director of Truffle Projects Pty Ltd and a former Director of Watershed Land Ltd and Watershed Premium Wines Ltd.

Directors' meeting attended 2 of 2

Company Secretary

Tracie Oakes (Graduate Certificate in Management (GCM), Graduate Diploma Professional Accounting) - Company Secretary

Tracie was the former Financial Controller of Watershed Premium Wines from 2010 to 2020 and is presently the Financial Controller of Truffle Projects Pty Ltd. Tracie is currently enrolled in a Master of Business Administration (MBA) with the Australian Institute of Business and has completed a Graduate Certificate in Management (40 Credit Points, AQF 8). Tracie has successfully completed 7 MBA units.

Principal activities

The principal activity of the consolidated entity is to maintain and cultivate Truffle inoculated oak and hazelnut trees on the Trufferies, for the purpose of harvesting Truffles for sale at Appadene Road, Manjimup.

Review of Operations and Likely Developments (to be updated by Geoff)

The Manjimup region experienced a poor growing season throughout 2023/24 with Summer temperatures remaining high for an extended period of time with no rainfall during this period. Winter temperatures were not as cold as 2023 with minimum temperatures failing to drop below typical winter conditions. This resulted in soil temperatures that were too warm for optimum ripening conditions. This resulted in significantly less truffle numbers and smaller truffles than average.

The 2024 dirty truffle harvest was down 37% from the 2023 harvest. The 2024 dirty truffle harvest was 6,213,206 grams compared to 9,908,500 grams in 2023. Demand for fresh truffle was very strong with Oak Valley selling 100% of saleable truffles resulting in an operating loss of \$525,195 before income tax for the 2024 financial year. The average price paid for fresh truffle in 2024 was slightly higher than the 2023 prices. We are expecting the 2025 truffle season to return to projected long term harvest yields.

TRUFFLE PROPERTIES LIMITED
DIRECTORS' REPORT (Continued)

Review of Operations and Likely Developments (Cont)

The negative change in biological assets (\$509,947), depreciation expense (\$480,956) resulted in a total comprehensive loss of \$733,089. Excluding the above non-cash items the operating cash profit after tax for 2024 was \$257,814 compared to an operating cash profit after tax of \$1,169,181 in 2023.

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Operating Results

The total comprehensive loss of the consolidated entity for the year ended 30 June 2024 after income tax expense amounted to \$733,089 (2023: total comprehensive income of \$2,152,053).

Dividends

Dividends paid to shareholders during the financial year were as follows:

	Consolidated	
	2024	2023
	\$	\$
Final dividend of 10 cents per share for the year ended 30 June 2023 and 30 June 2022.	<u>697,384</u>	<u>697,384</u>

The Directors have not declared any dividend payment to Shareholders for FY24.

Options

No options over issued shares or interests in the Company were granted during the year and there were no options outstanding at the date of this report.

Indemnifying Officer or Auditor

The consolidated entity has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the consolidated entity or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Significant Changes in The State Of Affairs

During the financial year, there have not been any significant changes in the state of affairs of the consolidated entity, other than as discussed in the Review of Operations.

Environmental Regulation and Performance

The consolidated entity's operations throughout the year and to the date of this report are not regulated by any significant regulation under the law of the Commonwealth or of a State or Territory.

TRUFFLE PROPERTIES LIMITED
DIRECTORS' REPORT (Continued)

Events Subsequent o Reporting Date

There is no transaction or event of a material nature that has occurred after the reporting period which is likely to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Shares Under Option

There were no unissued ordinary shares of Truffle Properties Limited under option outstanding at the date of this report.

Shares Issued on the Exercise Of Options

There were no ordinary shares of Truffle Properties Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

Our auditor, RSM Australia Partners, has provided the Board of Directors with an independence declaration in accordance with section 307C of the *Corporations Act 2001*. The independence declaration is included within the financial statements.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed for and on behalf of the Board of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



G.T. BARRETT
Managing Director

11 November 2024
Perth, WA

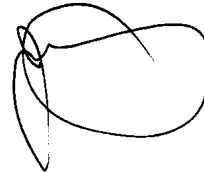
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Truffle Properties Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA

A handwritten signature in black ink, appearing to read 'J A Komninos', written over a faint circular stamp or watermark.

Perth, WA
Dated: 11 November 2024

J A KOMNINOS
Partner

TRUFFLE PROPERTIES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	2	3,824,690	4,876,563
Other revenue	2	12,800	12,502
Total revenue		3,837,490	4,889,065
Fair value changes in biological assets, net	8	(509,947)	(168,925)
Changes in inventories		10,496	(96,923)
Depreciation expense	4	(480,956)	(380,701)
Employee benefits expense		(1,628,305)	(1,525,304)
Directors' fees		(75,000)	(75,000)
Purchase of truffle for resale		(892,363)	(1,224,552)
Commission paid		(10,712)	(18,432)
Repairs and maintenance		(61,231)	(60,488)
Agricultural supplies		(210,320)	(189,746)
Truffle hunting expenses		(74,587)	(104,971)
Finance costs		(17,028)	(16,843)
Other expenses	3	(412,733)	(407,625)
(Loss) / profit before income tax		(525,196)	619,555
Income tax (expense)/benefit	5	(93,961)	(154,888)
Deferred income tax		(113,933)	-
		(207,894)	(154,888)
Net (loss) / profit / for the year		(733,090)	464,667
 Other Comprehensive Income			
Items that will not be reclassified subsequently to profit and loss, net of tax			
- gain in revaluation of bearer plants		-	1,665,996
- gain in revaluation of freehold land		-	583,852
- tax effect of revaluation	5	-	(562,462)
		-	1,687,386
 Total comprehensive (loss) / income attributable to members of the Company		(733,089)	2,152,053

The accompanying notes form part of these financial statements

TRUFFLE PROPERTIES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	2024 \$	2023 \$
Current Assets			
Cash at bank	6(a)	123,208	185,883
Trade and other receivables	7	1,172,660	1,463,782
Inventories		122,660	112,164
Biological assets	8	436,262	946,209
Total Current Assets		<u>1,854,790</u>	<u>2,708,038</u>
Non-Current Assets			
Freehold land	9	2,005,000	2,005,000
Property, plant and equipment	10	6,347,201	6,710,363
Total Non-Current Assets		<u>8,352,201</u>	<u>8,715,363</u>
Total Assets		<u>10,206,991</u>	<u>11,423,401</u>
Current Liabilities			
Income tax payable		95,903	232,796
Trade and other payables	11	773,466	1,004,480
Provisions	12	55,253	58,764
Total Current Liabilities		<u>924,622</u>	<u>1,296,040</u>
Non-Current Liabilities			
Interest bearing liabilities	13	996,821	525,273
Deferred tax liabilities	5	1,649,136	1,535,203
Total Non-Current Liabilities		<u>2,645,957</u>	<u>2,060,476</u>
Total Liabilities		<u>3,570,579</u>	<u>3,356,516</u>
Net Assets		<u>6,636,412</u>	<u>8,066,885</u>
Equity			
Issued capital	15	10,250,092	10,250,092
Accumulated losses		(8,683,059)	(7,252,586)
Revaluation reserve		5,069,379	5,069,379
Total Equity		<u>6,636,412</u>	<u>8,066,885</u>

The accompanying notes form part of these financial statements

TRUFFLE PROPERTIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Issued Capital Ordinary \$	Accumulated Losses \$	Revaluation Reserve \$	Total \$
Balance at 1 July 2023	10,250,092	(7,252,586)	5,069,379	8,066,885
(Loss) for the year	-	(733,089)	-	(733,089)
Other comprehensive income	-	-	-	-
Total comprehensive loss attributable to members of the Company	-	(733,089)	-	(733,089)
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid to Shareholders (Note 15)	-	(697,384)	-	(697,384)
Balance at 30 June 2024	10,250,092	(8,683,059)	5,069,379	6,636,412
Balance at 1 July 2022	10,250,092	(7,019,869)	3,381,993	6,612,216
Profit for the year	-	464,667	-	464,667
Other comprehensive income	-	-	1,687,386	1,687,386
Total comprehensive income attributable to members of the Company	-	464,667	1,687,386	2,152,053
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid to Shareholders (Note 15)	-	(697,384)	-	(697,384)
Balance at 30 June 2023	10,250,092	(7,252,586)	5,069,379	8,066,885

The accompanying notes form part of these financial statements

TRUFFLE PROPERTIES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		4,128,613	4,834,036
Payments to suppliers		(3,525,741)	(3,708,884)
Payments to directors		(75,000)	(75,000)
Income tax paid		(232,796)	-
Interest paid		(14,120)	(13,508)
Cash flows provided by operating activities	6(b)	280,956	1,036,644
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	10	(117,794)	(89,844)
Cash flows used in investing activities		(117,794)	(89,844)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(186,447)
Proceeds from borrowings (loan drawdowns)		471,546	-
Payment of dividends	15	(697,384)	(697,384)
Cash flows used in investing activities		(225,838)	(883,831)
Net (decrease) /increase in cash and cash equivalents		(62,676)	62,969
Cash and cash equivalents held at the beginning of the year	6(a)	185,883	122,914
Cash and cash equivalents held at the end of the year	6(a)	123,208	185,883

The accompanying notes form part of these financial statements

TRUFFLE PROPERTIES LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

The financial report covers the consolidated entity of Truffle Properties Limited and a controlled entity “consolidated entity” or “group”. Truffle Properties Limited is an unlisted public company, incorporated and domiciled in Australia.

The financial report was authorised for issue by the board of directors.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures (“SDR”), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The accounting policies set out below have been consistently applied to all years presented unless otherwise stated.

Except for the statement of cash flows, the financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(v).

New and Revised Accounting Standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have an impact on the financial performance or position of the consolidated entity for the current reporting period or the comparative information.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 15.

(a) Principles of Consolidation

A controlled entity is an entity controlled by Truffle Properties Limited. Control exists where Truffle Properties Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Truffle Properties Limited to achieve the objectives of Truffle Properties Limited.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

(b) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Truffle Properties Limited (the 'head entity') and its wholly-owned Australian subsidiary have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

(d) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

(e) Revenue

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered and recognises revenue when or as each performance obligation is satisfied.

Sale of truffles and other products

Sale of truffles and other products is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rent

Revenue is recognised on a straight line basis over the term of the relevant lease.

Management Fee

Revenue from management fees is recognised when services are rendered.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(g) Property, Plant and Equipment and Freehold land

Property, plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses. The depreciable amount of all fixed assets is depreciated on a diminishing basis over their useful lives to the consolidated entity commencing from the time an asset is held ready for use.

Freehold land and bearer plants are carried at fair value, determined using open market value, based on periodic independent revaluation every three to five years.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

(g) Property, Plant and Equipment and Freehold land (Cont'd)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of bearer assets are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

The useful lives of each class of depreciable assets are:

Plant and equipment	6-20 years
Office and workshop buildings	40 years
Irrigation equipment	30 years
Bearer plants	30 years
Freehold land is not depreciated.	

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 15 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(i) Biological assets

Biological assets consist of unharvested truffles measured at fair value as per AASB141 Agriculture. The fair value is ascertained by taking the market value of unharvested truffles, less any costs to sell at the point of harvest.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

(k) Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the Consolidated Statement of Comprehensive Income immediately. Financial instruments are classified and measured as set out below.

(l) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(m) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

(n) Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale

(o) Issued capital and Dividend

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

(p) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event. It is probable the consolidated entity will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(q) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave are not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(r) Interest-bearing liabilities

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs are expensed in the period in which they are incurred

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

(s) Foreign currency translation

The financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(t) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, recognised the use of relevant observable inputs and recognised the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

(v) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates

Impairment of non-financial assets other than goodwill

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Fair value of biological assets

The consolidated entity estimates the fair value of biological assets based on the market price of the unharvested truffles, less any harvest costs incurred to sell the truffles. The key to estimating the value of the truffles includes the quality of the truffles, the anticipated market price of the truffles, the estimated yield and the estimated harvest costs incurred for the particular harvest.

Useful life of fixed assets

The consolidated entity determines the useful lives and related depreciation charges for its property, plant and equipment. The depreciation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been sold will be written off or written down.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

		Consolidated	
		2024	2023
		\$	\$
2.	REVENUE		
	<i>Revenue from contracts with customers</i>		
	Truffle sales	3,297,240	4,401,726
	Management fee	527,450	474,837
		3,824,690	4,876,563
	<i>Other revenue</i>		
	Miscellaneous income	12,800	12,502
		12,800	12,502
	Total Revenue	3,837,490	4,889,065
	<i>Geographical regions – Truffle sales</i>		
	Australia	1,456,720	2,169,353
	Europe	841,226	1,055,142
	USA	342,555	453,444
	Asia	210,853	190,682
	UK	445,886	533,105
		3,297,240	4,401,726
	<i>Timing of revenue recognition</i>		
	Goods transferred at a point in time	3,297,240	4,401,726
	Revenue recognised over time	527,450	474,837
		527,450	474,837
3.	OTHER EXPENSES		
	Audit or review of financial statements	42,500	38,500
	Accounting fees	17,350	20,665
	Freight	91,102	114,818
	Electricity	46,918	41,708
	Other expenses	214,863	191,934
		412,733	407,625
4.	DEPRECIATION EXPENSE		
	Depreciation expense (Note 10)	480,956	380,701
		480,956	380,701

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

5. INCOME TAX

	Consolidated	
	2024	2023
	\$	\$
Current tax expense	93,963	232,796
Deferred tax (benefit) / expense	113,933	(77,908)
	<u>207,896</u>	<u>154,888</u>
Deferred tax expense recognised in other comprehensive income	-	562,462
	<u>-</u>	<u>562,462</u>

(a) The prima facie tax on loss) from ordinary activities before income tax is reconciled to income tax as follows:

(Loss) / profit before income tax	(525,195)	619,555
Prima facie income tax expense/(benefit) at 25% (2023: 25%)	(131,299)	154,888
Non-deductible expenses	23	-
Deferred tax assets unrecognised	334,972	-
Others	2,258	-
Adjustment in respect of previous years	1,942	-
Income tax expense	<u>207,896</u>	<u>154,888</u>

(b) Deferred tax

Deferred tax assets and deferred tax liabilities not booked on the basis that the recognition criteria disclosed in Note 1(b) is not satisfied are as follows:

Deferred tax assets not recognised:		
Accrual and provision	45,700	39,343
Income tax losses (TPL & TPPL)	289,271	307,587
	<u>334,972</u>	<u>346,930</u>
Deferred tax assets used to offset deferred tax liabilities	-	-
Deferred tax assets not recognised	<u>334,972</u>	<u>346,930</u>

Deferred tax assets have not been recognised as it is not considered probable that future taxable profit will be available against which the deferred tax assets can be realised.

Deferred tax liabilities:

Property, plant and equipment	271,781	140,686
Other financial assets and biological assets	109,066	236,552
Deferred tax assets used to offset deferred tax liabilities	-	-
	<u>380,847</u>	<u>377,238</u>

Amount recognised in equity:

Other comprehensive income	1,268,289	1,157,965
Total deferred tax liabilities	<u>1,649,136</u>	<u>1,535,203</u>

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

6. CASH AND CASH EQUIVALENTS

(a) Reconciliation of Cash and cash equivalents the purposes of the Statement of Cash Flows, cash and cash equivalents at 30 June 2024 as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as shown:

	Consolidated	
	2024	2023
	\$	\$
Cash at bank	123,208	185,883
	123,208	185,883

(b) Reconciliation of cash flows from operating activities to operating (loss) after income tax

Operating (loss)/profit after income tax	(733,089)	464,667
Non-cash flows		
Depreciation	480,956	380,701
Movements in assets and liabilities		
Receivables	(280,627)	41,894
Biological assets	509,947	168,925
Payables	(369,848)	42,316
Provisions	(1,569)	16,049
Deferred taxation	113,933	(77,908)
Cash flows provided by operating activities	280,957	1,036,644

(c) Bank Overdraft Facility

Amount used	-	-
Unused facility	200,000	200,000
Total facility	200,000	200,000

(d) Bank Loan Facility

Amount used	996,821	525,273
Unused facility	403,179	874,727
Total facility	1,400,000	1,400,000

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2024	2023
	\$	\$
Trade receivables	1,181,701	1,463,782
Less provision for doubtful debts	(9,041)	-
	1,172,660	1,463,782

Allowance for expected credit losses

The consolidated entity has recognised no loss in profit or loss in respect of the expected credit losses for the year ended 30 June 2024 (30 June 2023: nil). Subsequent to year end all trade receivables were received.

8. BIOLOGICAL ASSETS

Biological assets	436,262	946,209
Reconciliation:		
Opening biological assets	946,209	1,115,134
Fair value	436,262	946,209
Cost of sales	(946,209)	(1,115,134)
Closing biological assets	436,262	946,209

The biological assets consist of un-harvested truffles at the end of the financial year and are measured at fair value, less costs to sell at the point of harvest.

Fair value determination

The valuation of biological assets are Level 2 fair value measurements under the group's accounting policy (see note 17), with the principal inputs being:

- Anticipated market price of truffles;
- Estimated yield; and
- Estimated harvest costs.

Business risk in relation to truffle yield

The consolidated entity's ability to fulfill demand is restricted by the availability of truffles. Climate change, agricultural and other factors, such as disease, pests, extreme weather conditions, water scarcity and biodiversity loss create risk for the consolidated entity. To the extent that any of the foregoing impact the quality and quantity of truffles available, the financial prospects of operations could be adversely affected. The above risks are mitigated through long term planning and trufferie maintenance and management.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

9. FREEHOLD LAND

	Consolidated	
	2024	2023
	\$	\$
At independent valuation – At fair value	2,005,000	2,005,000

The basis of the valuation of freehold land is fair value. Whilst the company's accounting policy is to revalue assets every 3 to 5 years, accounting standards require management to assess the fair value of assets when there is an indication of a material fair value adjustment. The freehold land was revalued by corporate finance experts using an EBITDA multiples approach to assess the asset value adjustment required. The material fair value adjustment takes into consideration changes in interest rates and increase of market values to other asset classes over the last few years.

10. PROPERTY, PLANT & EQUIPMENT

Office and workshop buildings		
- At cost	863,422	804,062
- Accumulated depreciation	(223,201)	(190,437)
	640,221	613,625
Plant and equipment		
- At cost	680,771	656,787
- Accumulated depreciation	(537,020)	(498,887)
	143,751	157,900
Motor vehicles		
- At cost	56,378	33,651
- Accumulated depreciation	(25,685)	(16,436)
	30,693	17,215
Irrigation equipment		
- At cost	589,317	577,593
- Accumulated depreciation	(399,924)	(380,970)
	189,393	196,623
Bearer plants		
- At fair value	6,655,996	6,655,996
- Accumulated depreciation	(1,312,853)	(930,996)
	5,343,143	5,725,000
Carrying value at the end of year	6,347,200	6,710,363

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

10. PROPERTY, PLANT & EQUIPMENT (Cont.)

Movements in carrying values for property, plant and equipment between the beginning and end of the financial year:

	Office and Workshop Buildings \$	Plant and equipment \$	Motor vehicles \$	Irrigation equipment \$	Bearer plants \$	Total \$
Balance at 30 June 2022	592,831	161,313	16,043	216,800	4,348,237	5,335,224
Depreciation	(25,835)	(37,878)	(7,578)	(20,177)	(289,233)	(380,701)
Additions	46,629	34,465	8,750	-	-	89,844
Revaluation increments	-	-	-	-	1,665,996	1,665,996
Balance at 30 June 2023	613,625	157,900	17,215	196,623	5,725,000	6,710,363
Depreciation	(32,764)	(38,133)	(9,249)	(18,953)	(381,857)	(480,956)
Additions	59,360	23,984	22,727	11,723	-	117,794
Balance at 30 June 2024	640,221	143,751	30,693	189,393	5,343,143	6,347,201

1. Property, plant and equipment is held as security over the bank loan facility and working capital facility of its Subsidiary.
2. Bearer plants consist of oak and hazelnut trees and were revalued in June 2023 by the corporate finance experts using an EBITDA multiples approach. The increase in the value of the bearer plants was taken to other comprehensive income year ended 30 June 2023.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

11. TRADE AND OTHER PAYABLES

	Consolidated	
	2024	2023
	\$	\$
Current		
Trade creditors and accruals	773,466	1,004,480
	<u>773,466</u>	<u>1,004,480</u>

12. EMPLOYEE BENEFITS PROVISION

	Consolidated	
	2024	2023
	\$	\$
Current		
Employee entitlement - Annual leave	55,253	58,764
	<u>55,253</u>	<u>58,764</u>

The annual leave benefits are reported as current because it is expected to be taken or paid within the next 12 months based on past experience.

13. INTEREST BEARING LIABILITIES

Non-current		
Bank loan (1)	996,821	525,273
	<u>996,821</u>	<u>525,273</u>
Total interest bearing liability	<u>996,821</u>	<u>525,273</u>

(1) The Company increased the working capital business loan from \$500,000 to \$1,400,000 and the term of loan from 3 years to 5 years on 12 March 2021. The loan is secured against the Company's land and properties and personal guarantee by the Company's Directors. Additionally, the Company's 100% owned subsidiary has a working capital overdraft facility of \$200,000. This facility is personally guaranteed by the Company's directors. The bank loan requires interest only payments payable monthly until 01/03/2021 at variable rate of 1.98% per annum and principal and interest payments from 01/04/2021 for the next 2 years paid monthly. The better business loan matures in March 2026.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

14. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

	2024	2023
	\$	\$
Financial Position		
ASSETS		
Current assets	16,481	9,279
Non-current assets	7,824,954	8,180,222
Total Assets	7,841,435	8,189,501
LIABILITIES		
Current liabilities	159,569	58,906
Non-current liabilities	4,744,900	3,553,646
Total Liabilities	4,904,469	3,845,349
EQUITY		
Issued capital	10,250,092	10,250,092
Accumulated losses	(8,602,968)	(7,893,166)
Dividends paid	(2,092,151)	(1,394,767)
Revaluation reserve	3,381,993	3,381,993
Total Equity	2,936,966	4,344,152
Financial Performance		
(Loss) / profit for the year	(709,802)	1,131,893
Total comprehensive (loss) / profit for the year	(709,802)	1,131,893

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had minor capital commitments for property, plant and equipment as at 30 June 2024 (30 June 2023: Nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

15. SHARE CAPITAL

	Consolidated	
	2024	2023
	\$	\$
3 \$1 shares issued on registration	3	3
1,250,000 \$1 seed capital shares issued pursuant to an Offer Information Statement dated 19 January 2006 and Supplementary Offer Information Statement dated 12 June 2006	1,250,000	1,250,000
731,741 \$2 shares and 156,000 \$1.50 shares issued pursuant to the Product Disclosure Statement / Prospectus dated 16 April 2007 and subsequently extended and a Product Disclosure Statement / Prospectus dated 10 March 2008	1,697,482	1,697,482
2,625,267 \$1.51 shares issued pursuant to the Prospectus dated 6 October 2014 (Grower Issue)	3,964,154	3,964,154
2,210,897 \$1.51 shares issued pursuant to the Prospectus dated 6 October 2014 (TPPL issue)	3,338,456	3,338,456
	10,250,092	10,250,092
Reconciliation of contributed equity		
	No of shares	\$
Balance 30 June 2024 and 30 June 2023	6,973,836	10,250,092

Ordinary shares participate in dividends and the proceeds in winding up of the Company in proportion to the number of shares held. At a shareholder's meeting, each ordinary share is entitled to one vote on a poll called, otherwise each shareholder has one vote on a show of hands.

The Company does not have a limited amount of authorised capital.

Dividends

Dividends paid to shareholders during the financial year were as follows:

	2024	2023
	\$	\$
Final dividend of 10 cents per share for the year ended 30 June 2023 (2022: 30 June 2023)	697,384	697,384

The Directors approved a third unfranked dividend payment of 10 cents per share for FY23.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

15. SHARE CAPITAL (Cont'd)

Franking credits

	Consolidated	
	2024	2023
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 25%	264,398	33,544

16. CONTROLLED ENTITY

Name of entity	Place of incorporation	Equity holding	
		2024	2023
Truffle Projects Pty Ltd	Australia	100%	100%

17. FAIR VALUE MEASUREMENTS

The consolidated entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Freehold land
- Bearer plants
- Biological assets

(i). *Fair Value Hierarchy*

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

17. FAIR VALUE MEASUREMENTS (Cont'd)

(ii). *Valuation Techniques*

The consolidated entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the consolidated entity is:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

When selecting a valuation technique, the consolidated entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the consolidated entity's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Consolidated

2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Freehold land	-	2,005,000	-	2,005,000
Bearer plants	-	5,343,143	-	5,343,143
Biological assets	-	436,262	-	436,262
Total assets	-	7,784,405	-	7,784,405

2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Freehold land	-	2,005,000	-	2,005,000
Bearer plants	-	5,725,000	-	5,725,000
Biological assets	-	946,209	-	946,209
Total assets	-	8,676,209	-	8,676,209

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

17. FAIR VALUE MEASUREMENTS (Cont'd)

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values:

Descriptions	Fair value at 30 June 2024	Valuation Technique	Inputs Used
Freehold land	\$2,005,000	EBITDA multiples approach	Comparable companies
Bearer plants	\$5,343,143	EBITDA multiples approach	Comparable companies
Biological assets	\$436,262	Market approach using observable market price of truffles sold post year end less any harvest costs to sell	Selling price for the truffle less harvest costs to point of sale

The fair values of the freehold land and bearer plants are based on valuation by corporate finance experts who has recognised and appropriate professional qualifications.

There were no changes during the year in the valuation technique used by the consolidated entity to determine level 2 fair values.

18. RELATED PARTY INFORMATION AND KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Parent entity

Truffle Properties Limited is the parent entity.

b. Names of Directors

The names of the Directors who held office during the year are as disclosed in the Directors' Report.

c. Key management personnel compensation

	Consolidated	
	2024	2023
	\$	\$
Directors' fees	75,000	73,750

d. Transactions of directors and director-related entities

Purchase of truffle for resale	892,363	1,224,552
Management fee income	(527,450)	(474,837)
Income from supplying water	(4,950)	(4,950)

e. Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

f. Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

TRUFFLE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

19. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2024 and at 30 June 2023.

20. CAPITAL COMMITMENTS

The consolidated entity had minor capital commitments for property, plant and equipment as at 30 June 2024 (30 June 2023: Nil).

21. AUDITORS REMUNERATION

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2024	2023
	\$	\$
<i>Audit services – RSM Australia Partners</i>		
Audit of the financial statements	42,500	38,500
<i>Other services – RSM Australia Pty Ltd</i>		
Preparation of the tax effect entries and lodgement of tax return	15,500	14,000
Assistance with Annual Investment Income report (AIIR) for dividends	1,350	5,165
	16,850	19,165
Total	59,350	57,665

22. EVENTS AFTER THE REPORTING PERIOD

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

23. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Truffle Properties Limited
57 Kilcarnup Road
BURNSIDE WA 6285

The principal activity of the consolidated entity is to maintain and cultivate Truffle inoculated oak and hazelnut trees on the Trufferies, for the purpose of harvesting Truffles for sale at Appadene Road, Manjimup.

TRUFFLE PROPERTIES LIMITED

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 JUNE 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Truffle Properties Limited	Body corporate	Australia	100.00%	Australia
Truffle Projects Pty Ltd	Body corporate	Australia	100.00%	Australia

Truffle Properties Limited (the 'head entity') and its wholly-owned Australian subsidiary have formed an income tax consolidated group under the tax consolidation regime.

TRUFFLE PROPERTIES LIMITED

DIRECTORS' DECLARATION

The directors of the Company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, the Australian Accounting Standards – Simplified Disclosures, the Corporation Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) the information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

Signed for and on behalf of the Board of Directors



~~G.T. BARRETT~~
Managing Director

11 November 2024
Perth, WA

INDEPENDENT AUDITOR'S REPORT To the Members of Truffle Properties Limited

Opinion

We have audited the financial report of Truffle Properties Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures under AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the Corporations Act 2001; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

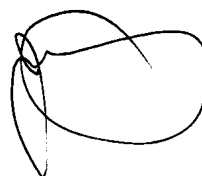
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

A handwritten signature of "RSM" in black ink.

RSM AUSTRALIA

A handwritten signature in black ink, appearing to be "J A Komninos".

Perth, WA
Dated: 11 November 2024

J A KOMNINOS
Partner

